



The Undeclared Oil War

By Paul Roberts

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While some debate whether the war in Iraq was or was not "about oil," another war, this one involving little but oil, has broken out between two of the world's most powerful nations. For months China and Japan have been locked in a diplomatic battle over access to the big oil fields in Siberia. Japan, which depends entirely on imported oil, is desperately lobbying Moscow for a 2,300-mile pipeline from Siberia to coastal Japan. But fast-growing China, now the world's second-largest oil user, after the United States, sees Russian oil as vital for its own "energy security" and is pushing for a 1,400-mile pipeline south to Daqing.

The petro-rivalry has become so intense that Japan has offered to finance the \$5 billion pipeline, invest \$7 billion in development of Siberian oil fields and throw in an additional \$2 billion for Russian "social projects" -- this despite the certainty that if Japan does win Russia's oil, relations between Tokyo and Beijing may sink to their lowest, potentially most dangerous, levels since World War II.

Asia's undeclared oil war is but the latest reminder that in a global economy dependent largely on a single fuel -- oil -- "energy security" means far more than hardening refineries and pipelines against terrorist attack. At its most basic level, energy security is the ability to keep the global machine humming -- that is, to produce enough fuels and electricity at affordable prices that every nation can keep its economy running, its people fed and its borders defended. A failure of energy security means that the momentum of industrialization and modernity grinds to a halt. And by that measure, we are failing.

In the United States and Europe, new demand for electricity is outpacing the new supply of power and natural gas and raising the specter of more rolling blackouts. In the "emerging" economies, such as Brazil, India and especially China, energy demand is rising so fast it may double by 2020. And this only hints at the energy crisis facing the developing world, where nearly 2 billion people -- a third of the world's population -- have almost no access to electricity or liquid fuels and are thus condemned to a medieval existence that breeds despair, resentment and, ultimately, conflict.

In other words, we are on the cusp of a new kind of war -- between those who have enough energy and those who do not but are increasingly willing to go out and get it. While nations have always competed for oil, it seems more and more likely that the race for a piece of the last big reserves of oil and natural gas will be the dominant geopolitical theme of the 21st century.

Already we can see the outlines. China and Japan are scrapping over Siberia. In the Caspian Sea region, European, Russian, Chinese and American governments and oil companies are battling for a stake in the big oil fields of Kazakhstan and Azerbaijan. In Africa, the United States is building a network of military bases and diplomatic missions whose main goal is to protect American access to oilfields in volatile places such as Nigeria, Cameroon, Chad and tiny Sao Tome -- and, as important, to deny that access to China and other thirsty superpowers.

The diplomatic tussles only hint at what we'll see in the Middle East, where most of the world's remaining oil lies. For all the talk of big new oil discoveries in Russia and Africa -- and of how this gush of crude will "free" America and other big importers from the machinations of OPEC -- the geological facts speak otherwise. Even with the new Russian and African oil, worldwide oil production outside the Middle East is barely keeping pace with demand.

In the run-up to the Iraq war, Russia and France clashed noisily with the United States over whose companies would have access to the oil in post-Saddam Hussein Iraq. Less well known is the way China has sought to build up its own oil alliances in the Middle East -- often over Washington's objections. In 2000 Chinese oil officials visited Iran, a country U.S. companies are forbidden to deal with; China also has a major interest in Iraqi oil.

But China's most controversial oil overture has been made to a country America once regarded as its most

trusted oil ally: Saudi Arabia. In recent years, Beijing has been lobbying Riyadh for access to Saudi reserves, the largest in the world. In return, the Chinese have offered the Saudis a foothold in what will be the world's biggest energy market -- and, as a bonus, have thrown in offers of sophisticated Chinese weaponry, including ballistic missiles and other hardware, that the United States and Europe have refused to sell to the Saudis.

Granted, the United States, with its vast economic and military power, would probably win any direct "hot" war for oil. The far more worrisome scenario is that an escalating rivalry among other big consumers will spark new conflicts -- conflicts that might require U.S. intervention and could easily destabilize the world economy upon which American power ultimately rests.

As demand for oil becomes sharper, as global oil production continues to lag (and as producers such as Saudi Arabia and Nigeria grow more unstable) the struggle to maintain access to adequate energy supplies, always a critical mission for any nation, will become even more challenging and uncertain and take up even more resources and political attention.

This escalation will not only drive up the risk of conflict but will make it harder for governments to focus on long-term energy challenges, such as avoiding climate change, developing alternative fuels and alleviating Third World energy poverty -- challenges that are themselves critical to long-term energy security but which, ironically, will be seen as distracting from the current campaign to keep the oil flowing.

This, ultimately, is the real energy-security dilemma. The more obvious it becomes that an oil-dominated energy economy is inherently insecure, the harder it becomes to move on to something beyond oil.

Paul Roberts is the author of "The End of Oil: On the Edge of a Perilous New World."

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